Hawaiian Electric

NORTH KOHALA MICROGRID PROJECT
Frequently Asked Questions

Q: Why are you building a microgrid?

A: We are building a microgrid to improve resilience and reliability for customers in North Kohala by supplying electric power to the area when the connection to the primary grid is out. The community is served by a single radial line that was built in the 1950s. Any outage of the line, as may occur for planned outages and for unplanned events like fallen trees or car accidents, will interrupt service for about 2,000 customers in North Kohala. We worked with the community to develop several options. The community supported the option to rebuild the existing line and create a microgrid in the area to provide power while the line is out of service. The microgrid will be supported by a battery energy storage system, or BESS, instead of using fossil generation. This RFP is for the battery.

Q: What is a radial line?

A: A radial line is a line that is connected at only one end to the main interconnected grid. With a radial line, any problem or work on the line can affect electric service for all customers connected to the line because we can't re-route power.

Q: What is a microgrid?

A: A microgrid is a system to provide electricity to a portion of the utility grid when disconnected from the main utility grid. This would be the first utility microgrid based on storage in the state of Hawai‘i.

Q: How will this microgrid be used?

A: The microgrid would allow us to continue to serve customers in North Kohala during outages of the radial line connecting the area to the main power grid. These outages may occur while we rebuild the existing line as well as when the line is impacted by an emergency condition or undergoing maintenance. The microgrid also would allow the flexibility to rebuild the line over multiple years which would lower costs of the rebuild. Other benefits would be fewer outages and shorter outages for the area served by the microgrid.

Q: Where will the microgrid and battery be located?

A: Both will be located next to Hawaiian Electric's Hawi substation. The site is about 1.207 acres and was selected to reduce costs and shorten the development timelines.

Q: Who will operate the microgrid?

A: Hawaiian Electric will operate the microgrid.

Q: How long with the microgrid and battery be in service? What happens if it's not needed?

A: The Energy Storage Services Agreement, or ESSA, is for 10 years. Upon the expiration of the ESSA, the selected proposer will be solely responsible for the decommissioning of the project and the restoration of the site if no longer needed.

Q: Why do you need the battery?

A: The battery energy storage system will be an energy source for the microgrid. The community preferred this option over diesel generators as an energy source.

Q: What is the RFP seeking?

A: The RFP seeks to procure 5 MW and 30 MWh of standalone energy storage capacity for integration with a microgrid controller system.

Q: Why did you issue an RFP for only the battery? What about the rest of the project?

A: Hawaiian Electric is responsible for providing safe power on our system. The overall North Kohala microgrid project is unique in that the Company will own and operate the microgrid controller but contract for a third-party battery energy storage system.

Q: Will the microgrid be in service when the battery is in service?

A: Yes, we plan to have the microgrid and BESS commissioned together in September 2025.

Q: Why did you revise the draft RFP that was filed in November 2021?

A: In November 2022, the Commission suspended the docket to allow the Company to file a revised draft RFP based on the results of a restudy to determine the appropriate BESS size and also to provide an updated cost estimate for the project. The study results were filed in December 2022. The revised draft RFP, model ESSA, and updated cost estimate were filed in January 2023.

Q: What was revised in the draft RFP filed in January 2023?

A: The BESS size changed from 5 MW/22 MWh of energy storage capacity to 5 MW/30 MWh. There also are revisions to align the RFP and ESSA with the recent Stage 3 RFPs as well as other clarifications and updates, like the RFP timeline and guaranteed commercial operations date.

Q: Why did you change the BESS size?

A: The size proposed in the initial draft RFP was based on the 2019 Microgrid Feasibility Study and the scenario with the least energy requirement was used. However, the study overstated the contribution of DGPV to the microgrid. The company conducted a restudy to determine if revising sizing would be necessary. Based on the restudy, the energy storage capacity was increased from 22 MWh to 30 MWh. Ultimately, this will provide better reliability to the North Kohala area than previously contemplated.

Q: What is the updated project pricing?

A: The estimated project pricing cannot be disclosed because it is considered confidential and/or proprietary commercial, financial and business information.

Q: Who pays for the microgrid? Will my bill increase because of the project?

A: We're seeking PUC approval for this project so the Company's costs could be recovered through rates. Bills could increase for all customers but at this point, we don't know how much or how little. Through the RFP process, we will select the best value for customers. What's important to remember is that we always do our best to minimize bill impacts to customers.

Q: What are you going to do in the meantime?

A: To keep the lights on, we'll continue with regular inspections, tree trimming, and annual planned outages. We'll also continue with the planning, engineering, procurement, and construction for the microgrid project.

Q: Those overnight outages are a huge inconvenience. Can't you provide us with generators or give us a bill discount/refund? We shouldn't be charged when there's no electricity.

A: We proactively notify the community about planned outages in advance so you can prepare accordingly. We also provide resources on how to prepare for outages in our Handbook for Emergency Preparedness. Customers are billed only for the electricity they use. You won't be billed for electricity during a power outage.

Q: Will the microgrid allow North Kohala to disconnect from the main grid and be powered by the wind farm?

A: No, the microgrid is designed specifically to operate as a microgrid to provide electric service to North Kohala when power cannot be provided by the interconnected island grid.

Q: Why don't you connect the microgrid to the wind farm? When does that contract expire?

A: We met with representatives from Hawi Renewable Development. It was decided that this project will not be tied to the wind farm. The initial term of the current contract ended on May 18, 2021 and has been continuing under a month-to-month provision while the Company and developer negotiated a new agreement. The new agreement was filed for approval with the Public Utilities Commission in December 2021 and is currently awaiting Commission review.

Q: Does this mean no more annual planned outages?

A: Yes. While we would continue to perform regular maintenance and upgrades but won't require an overnight outage because the microgrid will keep the lights on for the community.

Q: What do you do during the overnight outages?

A: In general, work includes performing maintenance and repairs, replacing equipment and poles, upgrading technology, and tree trimming. We maximize the amount of work performed during a planned outage. Crews from around the island are utilized to ensure the work is performed as safely and efficiently as possible. We're also mindful of the impacts of the timing and duration and do our best to schedule the outage at the most convenient time for the community. Our employees also proactively notify and reach out to residents, businesses, and community organizations to share outage and preparedness information to help them prepare.

Q: Why is it taking so long?

A: The process is long because we want to do it right. We worked with many stakeholders and technical experts over the years to develop solutions that would work for the community and the Company. The microgrid with battery storage option was selected, and we're requesting the Public Utilities Commission's approval to move forward with the project. As a regulated utility, we're required to seek approval from the PUC on construction projects like this one. The approval process is lengthy and thorough so the commission can ensure that the impacts and benefits to customers are warranted.

Q: What about greenhouse gas emissions?

A: A greenhouse gas emissions analysis and report will be completed and submitted as part of our application to the PUC.

Q: Who's doing community outreach and looking at cultural resource impacts?

A: Since the microgrid controller will be owned and operated by Hawaiian Electric, we're managing the overall community outreach for this project. The selected proposer for the RFP is expected to participate and assist with our community engagement and cultural resource efforts as well as listen to and address any community concerns or issues regarding the BESS. We're also developing a cultural resource impact plan for this project. The selected proposer will be required to comply with any requirements set forth in the plan or by Hawaiian Electric.

Q: Have you started work on the property?

A: No.

Q: What are the next steps?

A: The draft RFP was filed on October 29, 2021.The Public Utilities Commission opened Docket 2022-0012 on January 25, 2022. A second draft was filed on January 13, 2023, pursuant to Order 38699. The PUC issued Order No. 38855 approving, with modifications and clarifications, the revised draft RFP and directed the Company to file a final RFP. Hawaiian Electric filed a Proposed Final RFP and ESSA on February 28, 2023. On March 24, 2023, this filing will be considered the final, approved version of the North Kohala Energy Storage RFP, unless otherwise ordered by the Commission.

Q: How can the community review the filing and provide comment?

A: Detailed information about the RFP is available on our website www.hawaiianelectric.com under North Kohala Energy Storage RFP. Additional information about the overall microgrid project can be found on the North Kohala Microgrid webpage. In addition to the extensive outreach done to date, there are two further opportunities for you to provide feedback on the project: during the approval of the RFP by the Commission and the contract approval stage. Comments also can be emailed to renewableacquisition@hawaiianelectric.com or submitted to the PUC via their website puc.hawaii.gov/contact for Docket No. 2022-0012. We encourage you to be part of the process.

Q: Is Hawaiian Electric allowed to submit a bid for this RFP? How do you ensure fairness?

A: An Independent Observer will advise and monitor all phases of the RFP process and will coordinate with PUC staff throughout the RFP process to ensure that the RFP is undertaken in a fair and unbiased manner. The Company will review and discuss with the Independent Observer decisions regarding the evaluation, disqualification, non-selection, and selection of proposals. The Competitive Bidding Framework allows Hawaiian Electric the option to offer a Self-Build Proposal. Hawaiian Electric must follow certain requirements and procedures designed to safeguard against and address concerns associated with preferential treatment and access to proprietary information. These requirements are specified in the Code of Conduct and Procedures Manual required under the framework.

Q: How do you evaluate the proposals?

A: We have a thorough evaluation process to ensure the proposals meet the requirements set forth in the RFP. This includes reviewing both price and non-price aspects of each eligible proposal. The types of non-price criteria we'll look at for this RFP are State of Project Development and Schedule, Performance Standards, Environmental Compliance and Permitting Plan, Experience and Qualifications, Financial Strength and Financing Plan, ESSA Contract Proposed Modifications, Carbon Emissions, and Technical Model. The first two criteria will be weighted twice as heavily as the others to reflect the impact these categories have to achieve a successful and timely procurement. The proposal with the lowest bid price will receive the most points.

Q: Do you evaluate community outreach and cultural impacts?

A: Yes, community outreach and cultural impacts are part of the non-price criteria for our RFP's. Because Hawaiian Electric is managing community outreach and cultural impacts for this project, they will not be evaluated in this RFP. However, the selected proposer is expected to fully participate in the Company's community outreach and cultural impact outreach efforts.

Q: Are you planning to install more microgrids around the island?

A: Not at this time, but it is something we may consider for critical areas in the future.

Q: Is this project connected to the Waikoloa solar projects?

A: No.

Q: Do you think the project will be completed on time? What about supply chain issues like the ones the solar projects are having?

A: We anticipate the project to be completed as planned, once the PUC review is completed and a final schedule for the RFP process is approved. It's obviously disappointing when projects drop out, but there are many other projects moving toward completion. Some other developers have said supply chain issues may cause delays in completing projects, which have affected schedules and, in some cases, project feasibility.

Q: What will you do to prevent potential battery fires?

A: Appropriate fire suppression will be required for this facility.

Q: What can I do to help?

A: Staying informed and sharing your input and support helps as we move forward. Other ways you can help are by energy conservation, installing rooftop solar, and submitting testimony on our project application with the PUC.